

5.0 CONTRIBUTION RATE

5.1 Employee Contributions

The employee contribution rate is set at four percent of salary. The employer shall pick-up, for the sole purpose of and in accordance with the requirements of Section 414(h) (2) of Title 26 of the United States Code (employer pick-up) and Section 17501 of the Revenue and Taxation Code, all amounts otherwise due as employee contributions, which shall be paid by the employer in lieu of employee contributions and shall be deducted from the employee's salary.

5.2 Employer Contributions

The employer shall contribute an amount equivalent to four (4) percent of salary for each participant employed. Employers may enter into a collective bargaining agreement to pay a different employer and employee contribution rate provided all of the following provisions are met:

1. The sum of the employee contributions and employer contributions for each participant shall equal or exceed 8 percent of salary.
2. The employee contribution rate may exceed the employer contribution rate but in no event shall the employer contribution rate be less than 4 percent.
3. The employee and employer contribution rates shall be the same for each participant employed by the employer.
4. The employee contribution rate and employer contribution rate shall be in one-quarter percent increments.
5. The employee and employer contribution rates as determined under the collective bargaining agreement shall become effective on the first day of the plan year following notice to the program and remain in effect for at least one plan year.

However, the employee and the employer contribution rates as determined under the collective bargaining agreement may become effective as of the first day of the plan year in which notice is given if:

- a) It is provided in the collective bargaining agreement and if a lump-sum contribution is made to the program equal to the additional employee and employer contributions,

b) if any, and that would have been required if the contribution rates were in effect on the first day of the plan year.

NOTE: Interest shall be credited and accrue at the minimum interest rate with respect to the lump sum contribution commencing with the day after the contribution is received .

6. The employer has filed notice of the employee contribution rate and the employer contribution rate on a form prescribed by the System. When employers elect to participate in the CB Benefit Program, they will receive the required form to inform CalSTRS of employee and employer contribution rates. Employers must forward the contribution rate information to CalSTRS prior to submittal of reporting (MR-87, etc.) or contribution information. The following illustrates a sample format for submitting rate information to CalSTRS:

COUNTY (NAME)		
DISTRICT (NO.)	EE RATE	ER RATE
01	4.00	4.00
02	3.00	5.00
03	4.00	5.00

Rate information can be submitted by district or by the county.